

Minutes

Remote Rent Board Meeting - Held Via Zoom
Wednesday, July 28, 2021

Start time: 5:04pm

Per the Chair - the original agenda item VIII of Chair's Remarks: Rent Increases in 2021 and Rent Control Ordinance Awareness will be moved to be agenda item IV.

II. ROLL CALL - 2:46

Austin Sims, Homeowner, District 5 - Chair
Barbara Vestal, Landlord, At-Large - Vice Chair
Christopher "Buddy" Moore, Tenant, District 1
*Michelle Dunham, Landlord, District 2 (Absent)
Elliott Simpson, Tenant, District 3
*Ian McCracken, Landlord, District 4 (Arrived Late)
Elias Kann, Tenant, At-Large

Staff Present:

Anne Torregrossa, Corporation Counsel
Katlyn Sawyer, Licensing & Registration Coordinator
Zachary Lenhart, Licensing & Housing Safety Manager

III. MINUTES - 3:30

Barbara Vestal moved to accept the minutes as presented
2nd by Austin Sims
Vote: 5-0
(Ian McCracken & Michelle Dunham are absent)

Austin Sims wanted to clarify that Anne Torregrossa did not have any exceptions to the items that were taken into consideration at the last meeting that she was absent from.

IV. CHAIR'S REMARKS: RENT INCREASES IN 2021 AND RENT CONTROL ORDINANCE AWARENESS - 5:00

This was moved to follow the Minutes Agenda Item.

The Chair spoke in regards to tenant complaints that have been received by the Housing Safety office with violations of the Rent Control Ordinance. Such complaints have consisted of failure to post the Tenant Rights Document, register rent of June 1, 2020 for covered units, as well as, allegations of planned evictions to adjust below market rate units. There were also concerns of planned rental increases to take effect in 2021. He also referenced Article XII, Sec 6-234(a).

He also noted that both Landlord and Tenants still have questions regarding the ordinance. The Chair would like to open up the floor to public comment so that each alike can express their concerns. Each member of the public will only be allowed to speak for three minutes.

Public Comment has opened 8:00

Feedback from tenants were:

- More education about the Rent Control ordinance and Tenants' Rights.
- Publicize the information
- Translate the forms
- There may be several tenants who are unaware that the rent increases they are receiving is a violation of the ordinance
- How complaints can be filed either with the Housing Safety office or the Rent Board itself
- Website is difficult to navigate

Feedback from Landlords were:

- Confusion of wording within the ordinance about rent increases allowed during a certain year
- What is or isn't allowed
- Different interpretations between the Board, the City, and a Landlord's own attorney

Anne Torregrossa spoke in regards to both parties involved

- The Housing Safety Office does have recently updated FAQs on their website
- Wording about the CPI that it cannot take effect until the following rental year of January 1, 2022
- The only allowed increases for 2021 are a New Tenant or Approval from the Rent Board

-If there are further questions, to reach out to Housing Safety or Anne directly

Public Comment closed at 27:10

The Chair had suggested that the Housing Safety office might be able to do a press release about Rent Increase clarifications

Ian McCracken has joined the meeting.

V. RENT INCREASE APPLICATION - 35:00

A. Landlord: Woodford Arms, Inc - Peter Colesworthy

Property Address: 168 Woodford St

CBL: 124 J014001

Type of Increase: Capital Improvement costs, including financing costs

The Chair summarized the Hearing Rules and reviewed the items for Capital Improvement costs.

The Landlord, Peter Colesworthy, addressed the Board with his application and supporting documentation for a rent increase.

No public comments were received.

The Board along with the Landlord had discussed the items before them. The Board was trying to differentiate between a 4-year and 5-year amortization, as the IRS has the 5-year. The Board also determined that the 5-year should not be the final decision, but rather the baseline and that each Rent Increase application should be handled case by case.

The Board moved into deliberation.

Barbara Vestal made a motion that Board approves the Landlord application for Rent Increase based on capital improvement costs as presented by Mr. Colesworthy.

The Board approves the rent increase of \$26.40 per month which is based on a 4-year amortization schedule taking into consideration that the IRS regulations might indicate a 5-year amortization but in this case the Board is comfortable in deviating from that due to the small size of the capital improvement and the fact that it does not include any financing costs within the request. That it's cost of the improvement self-financed by the applicant.

2nd by Ian McCracken

Vote: 6-0

(Michelle Dunham is absent)

Anne Torregrossa has advised the Board that the ordinance requires them to provide written findings. Anne shared her screen and had stated that if the Board is comfortable with what she has written based on their discussion that they could make a vote to adopt those findings so that they are final.

The Chair moved to adopt the findings as presented

2nd by Barbara Vestal

Vote: 6-0

(Michelle Dunham is absent)

VI. REMOTE MEETINGS - 1:25:19

Anne Torregrossa gave a brief overview on this item.

When the Governor's emergency order ends, remote meetings are only permitted if the Board adopts a remote participation policy (meaning a hybrid model or fully remote). The City Council has adopted theirs as well as the citizen boards.

For example -

- If a Board member is travelling but wants to participate, they can.
- If a Board member is sick, they can attend remotely.

What will happen is that the Board would set up a Zoom link where the member could participate remotely while the other members would participate in person. The public could also participate remotely and/or in person.

No public comment was made in regards to the Agenda Item.

The Chair repeated the amendment on the table, accepting the language as presented with remote attendance where technologically possible and with a check-in on the third Wednesday of August 2021 to ensure members of the Board are comfortable.

2nd by Elias Kann

Vote: 6-0

(Michelle Dunham is absent)

VII. FAIR RATE OF RETURN - 1:46:20

Barbara Vestal discussed the forms with the Board and how this municipality's Rent Control ordinance is similar to the way Portland is operating theirs.

Anne Torregrossa suggested that the Board may need to determine what a fair rate of return in the market is which is different from the market rate. Versus what a landlord may be receiving as a fair rate of return. The Board will need to determine what the inputs are into that return and ultimately determine what is a reasonable rate of return.

It will be best for the Board to take on these scenarios on a case by case scenario.

Public comment is open 2:29:11

Concerns from Landlords were:

- If a Landlord does not take the rent increase now, that they won't be able to take it later
- Looking for guidance on how to spread out rent increases across unit(s) related to tax increases
- Rate of return of adjustment
- Should be a simple procedure that doesn't involve hiring your own lawyer or spending \$30,000 just to get a rent increase
- If buying a building that needs work done to it and possibly being a costly repair, Landlords need to be able to recoup the costs
 - Don't want to discourage Landlords from doing so just because they may not be able to recoup

Public comment has closed 2:49:30

VIII. FOLLOW-UP DISCUSSION OF OPENMAINE'S TOOLING - 3:03:35

Barbara Vestal had suggested that maybe it would be helpful to use OpenMaine's tooling for help with calculations and guidance in regards to recent tax increases

Anne Torregrossa states that the Housing Safety office has published FAQs on ways about distributing a tax increase across a 3-unit building. She provided an example such as if all units are the same, one can divide by 3 units. But if one of the units has marble countertops and laminate flooring, then there's a different way to allocate the rent increase but it must be reasonable.

The Board was not aware of the updates to the FAQs. They would also like to see translated forms in places on the City website where people can easily find them.

IX. MOCK RENT BOARD HEARING & DISCUSSION - 3:16:20

The Board has decided to move on from this agenda item as it was more so a placeholder within the Agenda.

X. ADJOURN - 3:25:31

Austin Sims moves to adjourn the meeting

2nd by Elias Kann

Vote: 6-0

(Michelle Dunham is absent)

Meeting end time: 8:31pm

Next Agenda Meeting Wed 8/25

- Fair Rate of Return

- Ways to distribute information (Public Comment)

- Tax Rate Adjustment (Prepared Research)

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